

Instructions for Idaho Form 56C

GENERAL INSTRUCTIONS

Use Form 56C to show the application of your net operating loss (NOL) to the carryback and carryover years. You may use your own schedule if it is more helpful to you. The Form 56C or your own schedule must be attached to any year to which you apply the NOL.

For tax years beginning on and after January 1, 2000, you must generally carry an NOL back to the two preceding tax years. The loss carried back is limited to a maximum of \$100,000. The loss is first applied to the second tax year preceding the loss year. Any loss not fully subtracted or absorbed from Idaho income is next applied to the first preceding tax year. Any loss not absorbed in the carryback years and the loss in excess of \$100,000 can be carried forward up to 20 years. Losses carried forward are applied to each year in order until absorbed.

You may elect to forego the carryback period and carry the loss forward. This election must be made by the due date, including extensions, of the loss year return. The election cannot be revoked.

If you are filing Form 40, 43 or 41, the election is made by checking the box on the loss year return electing to forego the carryback period. If you check the box, you do not need to attach a separate statement electing to forego the Idaho carryback period.

If you are filing Form 66, attach a statement to the loss year return identifying the fiduciary's name, address, employer identification number, the amount of the NOL, and a statement that the fiduciary is electing to forego the Idaho carryback period, or attach a copy of the federal election to forego the federal NOL carryback to the Idaho loss year return.

For tax years beginning prior to January 1, 2000, you generally must carry an NOL back to the three preceding tax years unless you made a timely election to forego the carryback period. The carryback is limited to a maximum of \$100,000. Any loss not absorbed in the carryback years and the loss in excess of \$100,000 can be carried forward up to 15 years.

APPLICATION OF AN NOL

If the NOL is carried back to a tax year for which a return was previously filed, you must file an amended Idaho return to report the NOL carryback and request a refund.

File the appropriate form for each tax year to which the NOL is being applied. Check the "Amended Return" box if available at the top of the form, or if not on the form, write "Amended Return" at the top of the form. Recompute your Idaho taxable income, Idaho tax liability, and any nonrefundable tax credits claimed. Attach a copy of Form 56C or a schedule showing the application of the loss to your amended return.

If you are carrying back the loss, you have until the 15th day of the 40th month following the end of the loss year to file the amended return for the absorption year(s).

If the NOL is being carried forward, subtract the loss on the tax return for the carryover year(s). Attach Form 56C or a schedule showing the application of the loss to your income tax return.

SPECIFIC INSTRUCTIONS

Line 1. Tax Year. Starting with the earliest tax year, enter the absorption years and the NOL year. The absorption years will be the carryback and carryover years to which you apply the NOL.

Line 2. Idaho NOL. Enter the amount of the NOL computed in Part I of Form 56 in the column under the tax year the NOL was incurred.

Line 3. Absorption Income. Enter the amount of income available to be absorbed by an NOL carryback or carryover as computed in Part II of Form 56. Enter the amount in the column for the tax year in which the income was incurred.

Lines 4 through 17. NOL Application. Enter the tax year in which the NOL was incurred (Loss Year) and enter the tax year to which the NOL is being carried back or carried forward (Absorption Year).

Enter the amount of the NOL in the column under the tax year to which the NOL is being applied. Enter the same amount in the loss year column.

Line 18. NOL Available For Future Years. Subtract lines 4 through 17 from line 2. If line 18 is zero, you have absorbed your NOL.